CHAPTER 10

STOCK CONTROL

The primary function of any supply organization is to ensure the availability of material to support the needs of its customers. To accomplish this function, supply must manage all material in stock continuously and judiciously. This chapter provides information about stock control afloat. However, some of the procedures described may also apply to stock control ashore.

The implementation of computer systems to gather and analyze supply data has made inventory management easier to accomplish. There are several kinds of computer systems used throughout the Navy. Aboard ship, the AK working in stock control will most likely use computer systems. These computers use the Shipboard Uniform Automated Data Processing System (SUADPS) and Naval Aviation Logistics Command Management Information System (NAACOMIS) procedures. Personnel assigned to stock control afloat should attend the SUADPS-RT and NALCOMIS training. This training will help personnel become familiar with the procedures for processing different transactions and reports.

Stock control uses different methods to perform inventory control functions. In mechanized activities, stock control uses several kinds of reports in managing stock items. Thee computer produces the mechanized reports used by stock control or supply personnel. The person requesting the report can select any of the optional criteria provided by the computer system to produce the specific report. The person requesting the report fills out and submits the request form to the systems coordinate. The systems coordinator will include the request for the report in the planning calendar. Supply personnel can use the mechanized reports to analyze various situations in stock posture and to check completed transactions.

As an AK, you must be able to perform stock control functions. The AK working in stock control is responsible for maintaining stock records, conducting inventory, or maintaining files. Personnel working in stock control must be familiar with the procedures used by other divisions in supply because all supply personnel performing receipts, stowage, or issues generate transactions that affect records in stock control. While in stock control, you will come in contact with certain supply terms used in inventory management. You must familiarize yourself with these terms.

SUPPLY AND STOCK MANAGEMENT TERMINOLOGY

The first step in learning stock control procedures is to become familiar with the terminology used throughout the various levels of supply and stock management. The following texts describes some of these terms.

Average Endurance Level— The quantity of material normally required to be on hand to sustain operations for a stated period without augmentation. It is the median between the safety level and stockage objective; that is, safety level plus one-half of the operating level.

Carried Items— This term refers to items in stock For example, those items that the supply department maintains stock records showing current on-hand balances.

Consumption Document— This form is used to effect, record or report issues of material. Consumption occurs upon issue of material regardless of when it was used.

Demand/Quantity— The quantity of an item requested and issued regardless of the number of requests involved. This term is synonymous with the term *usage.*

Demand-Based Item (DBI)— The same definition as peacetime operating stock (POS) items.

Direct Turnover (DTO)— This term refer to material ordered from sources external to the ship or station. Immediately upon receipt, supply personnel turnover the material to the using department or squadron. Such material is required for immediate or planned use.

Frequency of Demand— The number of requests (hits) that an item experiences within a given time frame. For example, if there are five requisitions processed for an item within the given time frame, the frequency of demand is five. The total quantity

demanded could be any number, depending on the quantity per request.

High Limit— The maximum quantity of material to be on hand and on order to sustain current operations. It includes the sum of stocks represented by the operating level, the safety level, and the order and shipping time. It is equivalent to the requisitioning objective.

Item Depth— The quantity of a particular item stocked. For example, if the allowance quantity of an NSN is 10, the item depth for that NSN is 10. Inventory management uses this term with stock levels; that is, when referring to the depth of all NSNs stocked by an activity.

Item Range— The number of different items stocked. For example, if an activity stocks 7,000 different line items (stock numbers), the item range is 7,000.

Low Limit— The stock position that signals the need to start a replenishment action. It includes the stocks represented by the safety level plus the order and shipping time. It is equivalent to the reorder point.

Not Carried— Refers to items that the supply department does not stock. The supply department does not maintain stock records for these items. It is synonymous with the term *not stocked*.

Not in Stock— Refers to items stocked by a supply department but not on board when the demand occurs.

Order and Shipping Time— The anticipated (or advertised) time between order and receipt.

Operating Level— The quantity of material (exclusive of safety level) required to sustain operations during the interval between successive requisitions. Normally, it is the difference in the quantity between the requisitioning objective (high limit) and the reorder point (low limit).

Peacetime Operating Stock (POS) Item— Used by automated ships to identify items that have a relatively high issue rate. POS items experience a demand frequency of two or more in a period of 6 months, and continue to have at least one demand every 6 months afterwards. POS items require semiannual review of stock records to compute the new requisitioning objective. POS item is synonymous with the term *demand-based item* (DBI).

SIM Item— The term SLM means selected item management. It is an inventory control principle for nonautomated ships. SIM items are those items that have experienced a frequency of demand of two or more within the past 6 months. SIM items also refer to items that have a predictable demand of two or more based on deployed or seasonal usage. SIM is similar to the criteria for POS and DBI used in automated ships.

Reorder Point— The stock position that signals the need to start replenishment action. It includes stocks represented by the safety level plus the order and shipping time. It is the same as low limit.

Requisitioning Objective— The maximum quantity of material to be maintained on hand and on order to sustain current operations. It includes the sum of stocks represented by operating level, safety level, and order and shipping time. It is the same as high limit.

Safety Level— The quantity of material, in addition to the operating level, required to be on hand to permit continual operations. This is the quantity of material used as a buffer to reduce the number of not in stock (NIS) situations.

Stockage Objective— The maximum quantity of material to be maintained on hand to sustain current operations. It includes the sum of stocks represented by the operating level and the safety level.

STOCK CONTROL RESPONSIBILITIES AND FUNCTIONS

Aboard ship, stock control is the nerve center of the supply department under the Shipboard Uniform Automated Data Processing System (SUADPS). The Naval Aviation Logistics Command Management Information System (NALCOMIS) used by aviation units also interfaces with SUADPS. The inventory control procedures used Moat are compatible with the 3-M reporting and OPTAR accounting requirements in the Navy. These are the 3-M reports as defined in OPNAVINST 4790.4 (ship's) and OPNAVINST 4790.2 (series) for aviation. The *Financial Management of Resources (Operating Forces),* NAVSO P-3013-2, describes the OPTAR accounting and reporting procedures.

RESPONSIBILITIES

Stock control is responsible for the inventory control and management of all stock items in the custody of the supply officer. These are items located in supply department spaces or under the custody of other departments. Stock control processes all requisitions submitted manually or electronically by computer. Stock control posts transactions, such as receipts, issues, surveys, and inventory adjustments. Stock control also

prepares and submits financial reports and maintains various files. This includes the manual and mechanized output files. Stock control personnel encode input documents and check codes inserted by other personnel in the supply department. Stock control also prepares requests for reports and listings and interprets computer output data. It is clear that the accuracy and completeness of the computer product will be no better than the accuracy and completeness of the stock control personnel's efforts.

FUNCTIONS

Stock control personnel act to facilitate paperwork flow while accommodating computer requirements within SUADPS constraints to perform the supply functions described in the following paragraphs.

Files

Stock control maintains mechanized and manual files. Refer to the SUADPS-RT Support Procedures for lists of mechanized files. The following paragraphs describe some of the manual files maintained by stock control.

The Stock Control History File contains a copy of transaction documents, such as issues, offship requisitions, change notices, and receipts. The material completed file contains the copy of completed procurement documents submitted by ship departments. The receipt file contains a copy of all signed shipping documents used to process the receipt transaction.

The data processing history file consists of all computer-generated listings or documents used for updating the records.

Stock control also maintains copies of reports generated by the computer system. Stock control uses these reports when conducting an audit trail for a specific item or document number.

Updates

An update is the processing of collected transactions or information into the computer system. The process includes inputting information to the system tape files, which allows the system to produce a report or printout. Stock control manages the update by specifying what input documents should be processed first. Stock control does this by submitting a request for update to the systems coordinator, together with requests for specific reports and other output. Computer systems with real-time capability update records automatically when customers enter transactions in the computer.

Stock records are normally updated monthly based on change notice management information provided by SPCC. A complete reconciliation of stock record data should be accomplished with SPCC once a year. Each fiscal year, a unit price change tape will be received from SPCC to update the unit price information in the stock records. The unit price change tape normally has an effective date of 1 October.

Procurements

Stock control is responsible for buying material for the ship and embarked squadrons. This includes submitting requisitions for stock, as well as DTO requisitions for embarked aviation squadrons and ship's departments.

Stock replenishment policy afloat includes the computation of demand quantity during the past 6-,9-, or 12-month period. Use the endurance table in paragraph 6230 of NAVSUP P-485 to adjust the high limit, low limit, and safety level. When using the endurance table, determine the proper order and shipping time (O&ST) before selecting the high/low limit for SIM items. The authorized O&ST are as follows:

- 0 (zero) days for deployed and nondeployed ships when items are readily available in SERVMART or tending ship throughout the following quarter.
- 30 days for nondeployed ships in the United States, excluding Alaska and Hawaii. It is also 30 days for deployed ships when the items are available from stock points in Alaska, Hawaii, and outside the United States or from Combat Logistics Force (CLF) ships throughout the following quarter.
- 75 days for deployed ships in areas other than Western Pacific when items are available only in the United States, excluding Alaska and Hawaii.
- 90 days for deployed ships in Western Pacific when items are available only in the United States, excluding Alaska and Hawaii.

The cognizant fleet commander in chief may authorize changes to the O&ST when it is considered

necessary to maintain the prescribed average endurance level.

Replenishment of SIM items are determined when expenditure transactions have been posted to the stock records. SIM items are replenished when the on-hand plus the on-order quantity is equal to or less than the low limit. Non-SIM items are replenished on a one-for-one replacement basis, depending on the availability of funds. Replenishment of AVDLR is accomplished on a one-for-one basis after a BCM action on the unserviceable turn-in.

Automated activities can process stock replenishment by using the automatic reorder function in the computer system. This function can screen the stock records and prepare MILSTRIP requisitions for each deficient item.

Receipts

Receiving and storage personnel submit completed receipt documents to stock control. Stock control is responsible for checking the receipt documents for annotations and markings made by receiving or storage personnel. The annotations made in the receipt document determines the action required before processing the receipt through the computer program. Stock control personnel also must review receipt documents for completeness of information. This information includes the receipt signature, receipt date, quantity circled, and suffix code (record position 44).

When processing receipts, compare receipt document data with stock control data. The following are some of the data that you should check:

- Cognizance symbol
- Stock number
- Unit of issue
- Unit price
- Quantity requisitioned
- Storage location

After comparing the data, receipts that are in agreement can be processed by using local procedures.

In receipts, the stock number is the most common data that is substituted from the original requisition. Before posting these receipts, check the requisition file for the supply status that contains information about the substitute stock number. You can distinguish a new or substitute stock number by status codes BG or BH, respectively. If status data is not listed in the requisition file, use other publications in the technical library to ensure the substitute data is correct. In automated activities, after posting the receipt, cross-reference records for substitute stock numbers are created automatically by the computer.

A suffix code in record position (rp) 44 of a MILSTRIP format identifies partial receipts. When posting partial receipts, be sure to include the suffix code in the input.

The term *receipt not from due* means that the document number of the material received is not in the outstanding requisition file. This situation exists when requisitions processed off-line are not recorded in the requisition file, but remain outstanding in the supply system. Other causes of unrecorded requisitions maybe push items from the ICP to ship's stock for which there is no basic NSN file in the record. For whatever reason, the material arrives and stock control must process the receipt.

Issues

Stock control gets a copy of the proof of issue documents after the delivery of material to the customer. These documents have been edited by the aviation stores division (ASD) or supply support center (SSC) during the initial submission of requisitions. Upon receipt of the proof of issue documents, stock control posts the transactions in the stock records. In automated activities, the computer procedures allow automatic processing of issue transactions in the stock records. Transactions processed by ASD/SSC via NALCOMIS interfaces with and automatically posts into SUADPS tiles. For repairable items, automated activities post issue transactions for aviation depot-level repairable (AVDLR) items only after a BCM action by the IMA.

Transfers

Activities may transfer material only upon receipt of an authorized request from another ship or activity. A requisition is the most common form of request for transfer of material. Higher commands may direct transfer of material by message, letter, or memorandum. Stock control is responsible for processing material transfer by using the applicable procedures. After completing the transfer, shipping section personnel

forward the copy of the expenditure document to stock control for posting to the stock records.

Change Notice Actions

Normally, SPCC sends change notice information to other activities on magnetic tape. Stock control receives and forwards the tape to the system coordinator for processing in the computer update. Change notices received by other means require manual processing by stock control.

Financial Reports

The implementation of computers has virtually cut the manual preparation of financial reports. When stock control needs a report printed, stock control will submit a request to the systems coordinator. The financial manager reviews and makes corrections to the report, if needed. Inmost cases, the printed report will require no further action from stock control other than a signature from the reporting officer.

Aviation Depot-Level Repairable

Repairable are components or subassemblies that can be repaired for reuse. The term *depot-level repairable* (DLR) refers to repairable for which the condemnation decisions are made at the depot maintenance level. The term *aviation depot-level repairable* (AVDLR) refers to DLRs under the management of the Aviation Supply Office. (Ship's Parts Control Center [SPCC] manages DLR for ships.) An AVDLR item can be repaired at the intermediate maintenance activity (IMA). The AVDLR items that are processed as beyond capability of maintenance (BCM) by the IMA must be shipped to the depot repair facility for repair.

Stock control manages AVDLR and DLR items in the supply department stock. The AKs processing these items should be familiar with the procedures outlined in NAVSUP P-485 and NAVSUP P-545. The following paragraphs describe the AVDLR program.

IDENTIFICATION AND STORES ACCOUNT.— Material assigned with a 7 in the first digit of the cognizance symbol identifies End-Use AVDLRs afloat. An example of this cognizance symbol is the 7R. SUADPS-RT activities hold these items in the End-Use Store Account 55000. Only those SUADPS-RT activities with a uniform system identification (USID) code of C or M maintain End-Use Stores Account 55000. The supply officer owns the End-Use Stores Account 55000. The supply officer uses the allotted operations and maintenance funds apportioned by the type commander to maintain the End-Use inventory.

Items assigned with a 7_ Cog are also known as Navy Stock Account (NSA) depot-level repairable (DLRs). The Defense Business Operating Fund (DBOF) owned NSA DLRs are under the management of ASO or SPCC and carried in stores account 51000.

Repairable items in Appropriation Purchase Account (APA) are identified by an even number in the first digit of the cognizance symbol. These items are held in APA Stores Account 52000. Issue transactions for APA items do not create a charge to the budget of the fleet or other Navy users.

Items carried in the supply system are basically grouped into the principal and secondary items. Principal items generally stand alone and perform a function. They are not financed by DBOF. Secondary items, on the other hand, are used in or along with principal items in performing their function. Secondary items are grouped based on their repairability. Items that are not considered economical to repair at the depot maintenance level are grouped as consumables or field-level repairable (FLR).

As new principal items are purchased for the Navy, there is an interim period when logistics support for secondary items applicable to the principal items are provided by the contractor. These secondary items are assigned with a 0 (zero) in the first position of the cognizance symbol (for example, 0M, 0R) for the interim support period. The 0_ Cog item will migrate to a 1_/7_ Cog when the material support date (MSD) is reached. The MSD is the date agreed upon when the ICP will accept responsibility of the 0_ Cog item. Naval air stations carry these items in the Stores Account 55000 (W or L purpose) during the interim period. Afloat activities carry these items in the Statistical Stores Account with APA items. The contractor issues interim support items to users without charge.

REQUISITIONING.— Requisitioning an NSA DLR requires a financial obligation of End-Use finds. However, re-AVCAL requisitions for activities under End-Use procedures do not require financial obligations. Drawdown requisitions for initial or increased AVCAL allowances for 7_ Cog AVDLR are chargeable to central outfitting funds held by the

Aviation Supply Office (ASO). The price obligated is Net Price when an exchange turn-in is or will be made, or Standard Price if there is no turn-in. APA and Interim Support DLRs are requisitioned at Standard Price, but do not require a financial obligation. Requisitions for APA and Interim Support DLRs do not result in an expenditure of End-Use funds. Prepare requisitions for AVDLR according to MILSTRIP. An Advice code is a mandatory entry for requisitioning AVDLR items.

OUTFITTING.— Ships that support aircraft are outfitted according to the Aviation Consolidated Allowance List (AVCAL). The AVCAL is a document that lists the authorized items and quantities of aeronautical material for stock. Ships use these items to support operations of embarked aircraft. The AVCAL is tailored for each ship, and the items selected apply to each type of embarked aircraft.

Prior to each deployment, ships will receive a new AVCAL for review. The ASO convenes the AVCAL Quality Review Conference (AQRC) for negotiating site allowance requirements. During the AQRC, the ASO makes the adjustments to the preliminary requirement level to reflect the negotiated allowance. The final AVCAL product released to the applicable activity includes all authorized changes to the range and depth. Activities update the fixed allowance levels in stock records by using the procedures for processing Allowance Change Request—Fixed (ACR-F). The ACR-F is a tool used by the Fleet to revise the authorized allowance level. The Fleet can use the ACR-F for requesting additions or decreases to the allowance quantity.

Before the workup, ships submit requisitions for initial or increase in allowances of "R" Cog items to ASO. Unless otherwise directed, requisitions for 7R Cog items will have a Demand code of N, Signal code C, Fund code QZ, and Advice code 5D. Requisitions for APA and interim support items will have a Demand code N, Advice code 5D, and Fund code Y6. Submit requisitions for APA and interim support DLRs to the proper inventory control points (ICP) via normal requisitioning transmission mode. Refer to Appendix 18 of NAVSUP P-485 for a list of cognizant inventory managers.

During the AVCAL/SHORCAL process, initial outfitting of Maintenance Assist Modules (MAM) and Test Bench Installation (TBI) items are identified. These items are not part of the AVCAL/SHORCAL fixed allowance or carried in the supply officer's stock records. ASO will push the initial outfitting requirements for these items to the operating sites. Upon receipt of these items, the supply officer will assign custody of MAM and TBI items to the IMA.

CARCASS TURN-INS.— Turn-in of non-RFI AVDLR as a result of an issue transaction must have the same attention as requisitioning the replenishment. In automated activities, posting of issue transaction for AVDLR occurs after a completed BCM action by the IMA. To prevent spending excessive time in research, you must start carcass tracking upon receipt of the requisition from the customer. Delays in carcass turn-in affect readiness because of the decrease in asset availability. It also can result in a charge for the carcass value against the OPTAR or operating budget of the activity. The carcass value is the difference between the Net Price and Standard Price.

Inventory control points maintain a master carcass tracking record for items under their cognizance. ASO maintains carcass tracking records for 7R items. The record contains transactions received from activities about the issue/receipt of AVDLR that requires a turn-in. The ICP uses this record to monitor the turn-in of carcasses as an exchange for the RFI issue. The ICP also uses the carcass tracking record to determine whether to send a follow-up action or additional billing to activities.

Applicable transactions in the carcass tracking record involve several types of document identifiers. The AK responsible for carcass tracking should be familiar with these document identifiers. The document identifier A0_ is a record of the requisition. Document identifier A4_ is for the referral action. Document identifier D7_ is a record of issue through the Transaction Item Report (TIR). Document identifier B7_ is a record of issue by a non-TIR activity. Document identifier D6_ is a record of receipt through 'HR. Document identifier D6R is a shipment notification. Document identifier FTA is a record of automatic material returns to other services. In essence, an issue transaction or requisition citing an exchange Advice code will open the carcass tracking. The matching carcass receipt transaction from the designated support point (DSP)/designated overhaul point (DOP) will close the carcass tracking.

Total carcass tracking is predicated on the premise that the carcass tracking record will be closed out within a specific time frame. If the record remains open, the ICP will submit follow-up action to the requisitioner by using document identifier BK1. Refer to NAVSUP P-485 or P-545 for the format of BK1 documents. If the carcass tracking record involves a transshipper, the ICP

will send a BK5 follow-up inquiry to the transshipper instead of BK1 to the requisitioner. The ICP submits a BK1 follow-up inquiry under the following time guidelines:

ADVICE CODE	NUMBER OF DAYS FROM REQUISITION DATE FOLLOW-UP SENT
5G, 5V, 56	45 days for "N" Service code requisitions to ASO.
	60 days for "R" or "V" Service code requisitions to ASO.
	90 days for all requisitions to SPCC.
	NUMBER OF DAYS FROM JULIAN DATE OF RFI ISSUE
5R, 5Y, 5S, 52	45 days for "N" Service code requisitions to ASO.
	60 days for "R or "V" Service code requisitions to ASO.
	90 days for all requisitions to SPCC.

Upon receipt of BK1 follow-up inquiry, the person maintaining the carcass tracking record should conduct the research. When conducting the research, check the requisition and the status of the turn-in. The person maintaining the carcass tracking record must submit a BK2 response for each BK1 follow-up inquiry. Refer to chapter 5 of NAVSUP P-485 or appendix P of NAVSUP P-545 for the BK2 format. ASO must receive the BK2 response within 21 days of the follow-up date on the BK1 document (rp 50-54) to avoid additional billing. SPCC should receive BK2 responses within 50 days to avoid additional billings. The BK2 document must contain the applicable response code in record position (rp) 47.NAVSUP P-485 and NAVSUP P-545 contain a complete list of response codes. The following texts list some examples of response codes.

Response code A means the shipment document number used for the carcass is the same as the original requisition number.

Response code B means the document number used for shipping the carcass is different from the requisition number. The turn-in document number is in rp 48-61.

Response code C means there will be no carcass turn-in. The Advice code of the requisition should be 5A.

Response code D means there will be no carcass turn-in. The Advice code of the requisition should be 5D.

The Carcass Tracking System also permits activities to send an Advance BK2 document. Activities can send an Advance BK2 to the ICP to negate processing of a BK1. Activities should send an Advance BK2 for the following situations:

- System cancellations—The supply system canceled the requisition, and the requisitioner turned in the carcass on the original document number. Upon submitting the reorder document, also submit an Advance BK2 with Response code B (rp 47) and the original document number in rp 48-61.

- Loss In Shipment-Submit an Advance BK2 with Response code J for nonreceipt of requisitioned AVDLR. In this situation, the supply source shipped the AVDLR, but the requisitioner did not receive it. Also, the requisitioner already shipped the carcass turn-in on the original document number. Use Response code J if the carcass was turned in on the reorder document number. In rp 27-40 of the Advance BK2, put the document number that did not have a turn-in and put Response code J in rp 47. In rp 48-61, put the document number that has a turn-in. In this case, the reorder document will always beat net price because there is an exchange turn-in. The activity that did not receive the material should submit the Report Of Discrepancy (SF 364). The activity should also prepare and submit a DD Form 200 for the lost material

If the ICP considers the BK2 response as invalid, the ICP will send a BKR document with a Rejection code to the requisitioner. Record position 65 of the BKR document will contain the Rejection reason code. Chapter 5 of NAVSUP P-485 or appendix U of NAVSUP P-545 provides a list of Rejection codes. Upon receipt of the BKR with Rejection code, the requisitioner should conduct a research and submit the correct BK2 to the ICP. The BKR document received on a transaction does not alter the time frame in generating the BK3 from the ICP.

When the ICP has not received a BK2 response within the allotted time frame, the ICP will process a BK3 document. The BK3 document is an advance notification of billing to the requisitioning activity. The amount of the bill is the difference between the net and standard price. NAVSUP P-485 and NAVSUP P-545 describe the format for the BK3 document. The BK3 document sent by the ICP will contain a Reason code

(rp 65), which tells the activity the reason for sending the bill. These Reason codes are as follows:

REASON CODE	REMARKS
A	BK3 produced due to BK2 with C, D, or G Response code. Billing will be at standard price.
B	BK3 produced due to non-response to BK1. No BK2 received. Submit/resubmit BK2.
C	BK3 produced due to the use of a second For K response.
D	ICP delayed this transaction because it was suspended for review.
E	ICP deleted a match that was generated by the imperfect match review.

To correct the carcass tracking record, the requisitioner should submit/resubmit a BK2. If the activity can correct the carcass tracking, it can also request a billing reversal. The activity can request a billing reversal by using the BK2 format and submitting it to tie proper ICP. The ICP will review the BK2 document and determine if credit applies. If a carcass value credit applies, the ICP will send a BK4 document to the requisitioning activity.

A BK4 document is a notification of reduced billing to a customer. Refer to NAVSUP P485 and appendix W of NAVSUP P-545 for the format of BK4 documents. When processing the BK4 document, check the quantity (rp 22-26) and the Reason code (rp 65). The following are the Reason codes used in BK4 documents:

A Positive turn-in data received against a tracking record in billing status.

B Positive turn-in data received against a tracking record in BK3 status.

C BK3 suppressed as a result of a B or F reject.

A BK4 with Response code A will result in a credit on the Summary Filled Order/Expenditure Difference Listing (SFOEDL). The credit is posted because the additional billing was previously posted in the SFOEDL. The BK4 with a Response code B or C will not cause a credit to the SFOEDL because the carcass value was never billed by the ICP.

TURN-IN OF EXCESS AVDLR.— When a customer turns in a non-RFI AVDLR item with no corresponding requisition, check the NSN of the item if it is carried in stock. If the item is carried in stock, induct the item into AIMD for repair. If the item is not carried (NC), create a record of the NSN in the stock record before inducting the item into AIMD. Process the turn-in document as "Material Returned to Store." If the item was confirmed as beyond capable maintenance (BCM) by AIMD, ship the item according to ATAC procedures. If credit is provided by the ICP, it will be provided to your type commander (TYCOM).

When the customer returns an RFI AVDLR, check the stock record if it is carried in stock. If the item is carried in stock, process the turn-in document as "Material Returned to Store" by using the local procedures.

If the item is needed to fill a stock replenishment requirement, process the transaction as "Material Returned to Store." Submit a cancellation request for the outstanding stock replenishment requisition. In most cases, the turn-in item will cause an excess situation in the stock posture. The cyclic inventory schedule will identify those items in excess of authorized allowance.

Activities should offload AVDLR items identified as excess. Activities should offload the RFI AVDLR item to the closest Navy Transaction Item Reporting (TIR) activity. The shipping document (usually DD Form 1348-1) should have Fund Code **QZ** or **Y6** (rp 52-53), Movement Priority Designator **06** (rp 60-6 1), Condition Code A (rp 71), and Management Code C (rp 72). The Document Identifier (rp 1-3) of the shipping document must be blank. Refer to NAVSUP P-485 and NAVSUP P-545 for the detailed format of DD Form 1348-1 used in shipping excess AVDLR. The Management code C (rp 72) means the item is being returned for possible credit. If the ICP grants the credit, it will be given to the type commander of the requesting activity.

If the returned RFI AVDLR item is not carried (NC) in stock create the record of the NSN in the stock records. Process the item as "Material Returned to Store," and then offload it at the first opportunity.

OFFLOADING AVDLR ITEMS.— The re-AVCAL or physical inventory will identify the AVDLR items that are no longer needed for stock or excess to the authorized allowances. These items must be offloaded to the nearest TIR activity for processing. The shipping document must be prepared according to the format described in NAVSUP P-485 and NAVSUP

P-545. Automated activities can process offload items by using the mechanized offload procedures in SUADPS-RT. Stock control personnel can also use SUADPS-RT to process offload items manually by using the proper option and computer screens.

Aviation Fuel

Aviation ships record inventories of aviation fuel in the same manner as Navy stock account (NSA) items. Stock control maintains the material data information for aviation fuel in the stock records. Stock control use the stock record for recording all transactions, such as receipts, issues, and transfers. For activities using SUADPS-RT, refer to the support procedures for processing the transactions.

PROCUREMENT.— The aviation fuels officer is responsible for determining fuel requirements. The aviation fuels officer advises the supply officer of the quantity and desired delivery date of stock replenishment. Stock control prepares requisitions for aviation fuels by using the off-line procedures. Refer to paragraph 3404 of NAVSUP P-485 for additional information about requisitioning procedures.

RECEIPTS.— Stock control processes receipt transactions according to the local procedures. Differences between the quantity invoiced and quantity received are processed as gain or loss by inventory.

EXPENDITURES.— Aviation fuel expenditures include issue to aviation units, issue to ship's propulsion, offload, or cash sales.

Issues and transfers of fuels to aviation units will result to a charge to the unit's OPTAR. This will appear as a charge to the proper flight operations (FLTOPS) fired code of the squadron or unit.

Issues of aviation fuel to ship's propulsion will be charged to the fleet commander's open allotment.

Aviation fuels offloaded to Navy shore activities are documented on DD Form 1149 and processed as other supply officer (OSO) transfers.

Aviation fuel provided to Air Force planes or activities or other DOD aircraft will be processed as cash sale transactions.

INVENTORY ADJUSTMENTS.— Aviation fuel lost by other than receipt adjustment should be documented by a survey. Some causes of fuel losses include stripping, flushing, spills, or contamination, Stock control will prepare a separate survey each time a loss of fuel is determined. At the end of each month, stock control sends a message report of fuel inventory adjustments to SPCC. This report is required monthly to include negative reports. SPCC uses these reports to review and combine gains, losses, and surveys on a quarterly basis. SPCC will process the result as charge or credit to an allotment provided by the type commander for the net gains or losses.

PHYSICAL INVENTORIES

Physical inventories are a prerequisite to efficient inventory control. The primary goal of a physical inventory is to ensure that the quantity reflected in records agrees with the quantity in location. The computer program can produce inventory count cards or listings to aid in accomplishing the inventory schedules on almost any basis desired. Some of the options available are inventory by storeroom, cognizance symbol, money value, or shelf life. To get the inventory aid, stock control submits a request to the system coordinator for the specific option desired. Based on the stock control request, the system coordinator prepares the necessary documentation to get the desired inventory output.

Automated activities may use the Logistics Applications Marking and Reading Symbols (LOGMARS) Inventory Module. This is an integrated program designed for shipboard scheduled or unscheduled physical inventory functions. The LOGMARS inventory program uses the barcode reader to gather inventory data. These data are uploaded to the host computer system. The LOGMARS inventory program provides two inventory options. They are the NIIN and location inventory options. The NIIN inventory option allows the user to inventory all locations on file for selected items of stock. The location inventory option allows users to inventory all or selected group of stock within a specified location or range of locations. Refer to the *LOGMARS User's Guide* for detailed procedures about the system.

BULKHEAD-TO-BULKHEAD INVENTORIES

Bulkhead-to-bulkhead inventories are physical counts of all stock material within ships or specific storerooms. A bulkhead-to-bulkhead inventory of a ship's entire stock of repair parts is usually taken during a Supply Operations Assistance Program/Integrated Logistics Overhaul (SOAP/ILO). A bulkhead-to-bulkhead inventory of a specific storeroom is taken for the following reasons:

- When a random sampling inventory of that storeroom fails to meet the inventory accuracy rate of 90 percent.

- When directed by the type commander (TYCOM) before a supply management inspection (SMI).

- When directed by the commanding officer (CO).

- When circumstances clearly shows that it is required for effective inventory control.

SPECIFIC COMMODITY INVENTORIES

Specific commodity inventories are physical counts of all items of generic segments of material. For example, this would include an inventory of material under the same cognizance symbol. This type of inventory is taken under the same conditions as a bulkhead-to-bulkhead inventory. However, this type of inventory requires prior knowledge of specific stock numbers and item locations.

SPECIAL MATERIAL INVENTORIES

Special material inventories require the physical count of all items, which because of their physical characteristics, cost, mission essential status, criticality, or other reasons, are specifically designated for separate identification and inventory control. Special material inventories include, but are not limited to, stocked items designated as classified or hazardous. Special material inventories also include controlled equipage and presentation silver. Physical inventories of such material are required on a scheduled basis as prescribed in chapter 6 of NAVSUP P-485.

Classified Items

Classified items require an inventory annually and upon change of custodial responsibility. Security codes identify classified items in stock records. See the listing of security codes in appendix 9 of NAVSUP P-485.

Hazardous Items

Perform physical inventory of hazardous items annually. During the inventory, carefully inspect each unit of every item for material condition, correct identification, and proper marking or labeling.

Depot-Level Repairable

Inventory aviation depot-level repairable (AVDLR) items annually. After completing the inventory, turn in all repairable identified as excess to the nearest ashore supporting activity. Induct those repairable requiring condition tags to the supporting maintenance for test, check or repair. Items not in the stock record must be taken up in stock after adding the information in the stock record. Before adding information to the record, stock control should completely research these items to avoid duplication or erroneous records.

Other Materials

Other stock items that may be specifically designated by the inventory manager, fleet commander, TYCOM, or the CO for special inventory control should be inventoried according to the frequency criteria established by the directing authority.

Shelf-Life Items

Deteriorative shelf-life items, other than those included in the items just discussed, are not required to be periodically inventoried, but must be screened as often as necessary to ensure timely use or transfer before their shelf-life expiration date.

SPOT INVENTORIES

Spot inventories are unscheduled physical inventories taken to verify the existence of specific stock items. A spot inventory is taken as a result of the following:

- When the request shows total not in stock (NIS) but the verified stock record for the requested item shows anon-hand balance.

- When issue transaction is a partial NIS issue and stock record shows that anon-hand balance is more than the issued quantity.

- To determine the on-hand quantity of a particular item when and as requested by the CO, TYCOM, cognizant inventory manager, or other competent authority.

An example of a spot inventory is when the CO requests the physical inventory of an item that he or she considers to be highly essential to prospective operations. Another example is when the type commander needs to have total asset visibility of a particular critical item.

VELOCITY INVENTORIES

Velocity inventories are based on the premise that inaccuracies of stock balances for any given items increase with issue frequency. Therefore, a velocity inventory requires aperiodic physical count of all stock items that experience frequent demands (fast movers). Velocity inventory also requires the physical count of items with infrequent demands or no demands (slow movers). Personnel usually perform inventory of items considered as slow movers when conducting an issue of such items.

SCHEDULED INVENTORIES

The following paragraphs describe minimum scheduled inventories required for inventory control of stock material. Some items may be included in more than one group or class of material for inventory. If so, these items should be inventoried according to the group or class that requires greater frequency. On aircraft carriers, inventory frequency for DBI/POS items is annual, preferably before a major replenishment. Inventory frequency for non-DBL/non-POS items (material that does not meet the demand criteria for DBI/POS) is annual. Special material described in previous paragraphs also requires scheduled inventory.

NONSCHEDULED INVENTORIES

These are inventories unexpectedly required due to significant stock record inaccuracies. Supply personnel may discover these inaccuracies during issue process, random sampling inventory, or an annual supply inspection. Some examples of unscheduled inventories are spot inventories and those occasionaly required of certain items by higher authority.

PREPARING FOR INVENTORIES

There are several things activities should do before conducting inventories. To properly prepare for inventories, activities should complete the following tasks:

- Unposted Documents. Receipts and expenditure transaction documents for items that have been removed or placed in an assigned location must be posted to stock records. Transaction documents purposely held from being processed will be held in the suspense or pending file.

- Material Arrangement. Supply department personnel or other department's custodian must arrange material included for inventory when practical. Identify material properly by marking, tagging, or labeling. Stow items with identification or markings plainly visible. Package loose units of small items in standard bulk lots. Reseal containers of items that have full counts of originally packaged quantities. Stack uniformly sized packages of the same units in rows and tiers to make counting easy. For example, put together boxes of items with the same NSN, such as screws, nuts, or bolts, in the same row.

- Count Document. Before the physical inventory, stock control will prepare the count document. The count documents may be NAVSUP Form 1075, inventory cards, or computer listing. The count document will have the stock number or part number, nomenclature, unit of issue, and locations. The count document will have all the storage locations for each items except when doing a bulkhead-to-bulkhead inventory of a specific storeroom. Some activities may use the Logistics Applications Markings and Reading Symbols (LOGMARS) inventory module. When using LOGMARS, inventory personnel can use the bar code reader to record the inventory of items. The user can scan the bin location, stock number, and unit of issue label, and then key in the quantity.

- Administrative Action. The supply officer may request to publish the scheduled inventory in the "Plan Of The Day." This notice includes processing restrictions, such as conducting issues for emergency requirements only.

COUNT PROCEDURES

The accuracy of stock records depends upon complete and correct physical inventory counts. To avoid recount or research, determine the total quantity of each item during the initial count. Inventory personnel are authorized to open sealed containers for identification, except containers sealed for preservation. The supply officer may authorize inventory personnel to open preservation packaging. After identifying and counting the items, personnel must reseal and mark all the containers. The person who checked the content of the container should initial and date the container.

Inventory personnel will proceed from location to location in predetermined sequence. They must check the items for proper identification, marking, and labeling. Inventory personnel should also make a record of items that need preservation or items that are unfit for issue. The quantity inventoried should be recorded in the count documents legibly. For items stored in

multiple locations, record the total quantities in all locations on the count document. Personnel who do the counting must ensure that the quantity and unit of issue of each item inventoried are compatible. For example, if the total count of an item is 100 and the unit of issue is pair (PR), the inventory count should be 50 PR. Inventory personnel should record or check the actual location(s) of material in the count documents. If the prerecorded location does not contain the item, enter a 0 (zero) for quantity inventoried. In some cases, inventory personnel may find the item in another location. If it is impractical to put the item in the prerecorded location, delete the prerecorded location and add the new location. Enter the new location and the quantity in the inventory documents. Inventory personnel are also responsible for keeping themselves apprised of all pending transactions in the inventory segment. These are the receipts, issues, or other transaction documents of items included in the inventory. Inventory personnel should stamp or mark these transaction documents with "BEFORE INVENTORY" or "AFTER INVENTORY," as appropriate.

REVIEWING THE COUNT DOCUMENTS

Inventory personnel must review the count documents to ensure that all items scheduled for inventory are counted. During the review, they should ensure that quantities are legible and have a correct unit of issue, and that all added items are identified and legibly recorded. Enter any remarks legibly and state them explicitly. When using manual inventory procedures, document each item in NIIN sequence. Inventory personnel should ensure that count documents have the date and initial of the person who counted the items.

RECONCILING COUNT DOCUMENTS AND STOCK RECORDS

Physical inventory procedures include comparing the inventoried quantities with the quantities in stock records to check if there are differences. If the inventory and stock record quantities match, post the inventory and date of inventory in the stock records. Also, enter the inventoried quantity in the stock record to reflect the on-hand balance.

If differences exist, stock control personnel should reconcile the records. Reconciliation is the process of resolving inventory discrepancies. Reconciliation process consists of several steps. It is dependent upon the type of material, cost, and the circumstances that led to a discrepancy. The reconciliation process may include conducting a preliminary or a causative research. It also includes processing inventory adjustments or adjustment reversals and maintaining supporting documentations.

A major difference exists when the physical count of a stock item differs from the confirmed stock record balance by 10 percent or more. A minor difference exists if the count differs less than 10 percent. All ships treat inventory differences for SPECIAL MATERIAL, listed in the previous paragraphs, as major differences.

Preliminary Research

The preliminary research consists of checking recent transactions, unposted or rejected documentation, and temporary locations. It also includes verifying catalog data, such as unit of issue, quantity per unit pack or other data.

Causative Research

This is an in-depth investigation of specific inventory discrepancies. Causative research is conducted to determine the cause of the inventory discrepancy so corrective action can be taken. This consists of a complete review of all transactions, within the allowable look-back period, in the history files. The transactions that need review are the receipts, change notices, expenditures, location updates, and unposted or errored documents. Normally, causative research is conducted after posting the inventory adjustment to the stock record. The research should be completed within 30 days from the date the adjustment was posted to the stock record. The supply officer reviews the results of causative research periodically. Also, the supply officer initiates actions to prevent recurrence of such inventory discrepancies.

Posting Inventory Results

The procedures for posting the result of physical inventories may vary from each activity. Posting depends upon the method or equipment used by the activity. Activities using the manual procedures use the Stock Record Card Afloat, NAVSUP Form 1114. Activities using automated procedures may process the results by using the inventory function in the computer program. After posting, file the inventory count documents in the stock control history file in NIIN sequence. Keep the completed count documents in file

until completion of the next scheduled inventory of the same items.

Inventory Adjustments

After comparing the inventory count with the stock record count, process an inventory adjustment record, if necessary. Process the inventory adjustments only after all transactions affecting the inventory balance have been posted. Inventory loss of an aviation depot-level repairable (AVDLR) will be processed as a survey. Therefore, a causative research must be conducted prior to processing a loss for an AVDLR item.

For minor differences, process a gain by inventory (GBI) if the inventory count is greater than the stock record balance. The processed GBI will increase the on-hand quantity. Process a loss by inventory (LBI) if the inventory count is less than the stock record balance. The LBI will decrease the on-hand quantity in the stock record.

Location Differences

Stock control personnel must check location differences noted in the inventory count documents with those in stock records. When locations do not agree, check the physical location of the material. If differences still exist, correct the item locations in the stock records to conform with the count documents. You should consider locations for items with zero balance in the count documents as valid locations if an outstanding stock requisition exists.

Inventory Accuracy Rate

After completion of a scheduled inventory, the count and adjustment documents will be reviewed to compute the accuracy rate. As a minimum, 90 percent is the acceptable accuracy rate. The differences considered as errors when computing the accuracy rate are as follows:

- Each location difference.
- Quantity difference for each item—when the adjustment quantity exceeds 10 percent of the stock record balance or the adjusted value is more than $25.

Location and quantity error in the same stock record are counted as only one error when computing the inventory accuracy rate. Changes made to correct the cognizance symbol, unit of issue, unit price, or other material data are not considered as errors. To compute the accuracy rate, subtract the errors from the number of items inventoried, and then divide the difference by the number of items inventoried. For example, there are 300 items inventoried and the number of errors is 12; 300 minus 12 equals 288; 288 divided by 300 equals .96. The inventory accuracy rate is 96 percent.

UPDATING STOREROOM INFORMATION

Accurate storeroom information helps in performing material receipt, issue, stowage, and inventory. The Location Audit Program (LAP) is the method used to check locations in storage with stock records. Location audits should be scheduled for completion just prior to the scheduled inventory of a particular storage area. All storage areas must be audited annually. The benefits of conducting location audits are as follows:

- Improved supply effectiveness
- Reduced inventory effort
- Improved inventory accuracy
- Maximum usage of storage spaces

The NAVSUPINST 4440.185, type commander directives, and volume I of *SUADPS-RT Support Procedures* contain the location and audit procedures. The information checked during the location audit are the stock number, location, unit of issue, and shelf-life expiration date. Location audits can produce computer listings for various information. This may be a listing of stock items with on-hand quantity but no locations listed. The computer listings may be lists of materials that have multiple locations assigned.

You should make every effort to find out the location of the items listed as “Material On-Hand With No Location.” Perform the research by using the stock control history files, transaction listings, or other files. If a location for the item is found, add the location in the stock record. If unable to find the location, process an LBI or survey to adjust the stock records.

When an item found in the location is not in the master stock record, list the item in stock as GBI. The GBI action is subject to the threshold for the preliminary and causative research.

Consolidate items with excessive locations into as few locations in the same storeroom as possible. Delete locations listed in the stock record that do not contain any of the material. Record location changes in the stock records.

Put items found in the wrong location into the existing location. If needed, assign a new location for the item. When assigning a new location, consider the number of items already assigned in the same location.

By using the sampling procedures of the type commander, personnel must ensure that a 98-percent location validity is verified annually. The location validity rate will be computed upon completion of a location audit for a particular storeroom or storage area. The rate is computed by auditing 5 percent of the locations involved, and then subtracting the number of erroneous locations from the number of locations audited. Then, dividing the number of valid locations by the total number of locations audited. As an example, the validation of 850 locations resulted in 17 errors. Subtract 17 from 850, which equals 833. Divide 833 by 850, which equals .98. his shows the accuracy rate is 98 percent.

To update the location data in stock records, follow the procedures set for your activity.